

a fine of not exceeding one thousand dollars or by confinement in the county jail for a term not exceeding one year or by both such fine and imprisonment.

Sec. 32. Only cotton or other products grown in the State of Texas shall be stored in warehouses operating under this act.

Sec. 33. It is further provided that the Commissioner may lease wheat and grain elevators, and store and issue receipts for wheat and grain in the same manner as herein provided for cotton, and to the same extent, should it become necessary in furtherance of the general public purpose of this act; and that in so doing all the provisions of this measure with reference to cotton shall apply, so far as practicable.

Sec. 34. If any particular section of this act shall be held unconstitutional such holding shall not invalidate any other portion thereof.

Sec. 35. The importance of the legislation proposed in this act and the necessity of providing immediately sufficient warehouses to store the cotton products of this State, in view of the financial disturbances due to the European wars, creates an emergency and an imperative public necessity requiring that the constitutional rule providing bills shall be read on three several days in each house shall be suspended and the said rule is so suspended and this act shall take effect from and after its passage and it is so enacted.

FOURTH DAY.

Senate Chamber,
Austin, Texas,

Thursday, August 27, 1914.

The Senate met pursuant to adjournment, and was called to order by President Pro Tem. Warren.

Roll call, a quorum being present, the following Senators answering to their names:

Astin.	Harley.
Bailey of DeWitt.	Hudspeth.
Bailey of Harris.	Johnson.
Brelsford.	Lattimore.
Carter.	McGregor.
Clark.	McNealus.
Collins.	Real.
Conner.	Taylor.
Cowell.	Terrell.
Darwin.	Townsend.
Gibson.	Warren.
Greer.	Watson.
Hall.	Wiley.

Absent.

Nugent
Westbrook.

Willacy.

Absent—Excused.

Morrow.

Prayer by the Chaplain.

Pending the reading of the Journal of yesterday, the same was dispensed with on motion of Senator Cowell.

EXCUSED.

On account of important business:

Senator Willacy, for today and balance of this week, on motion of Senator Watson.

Senator Nugent, indefinitely, on motion of Senator McNealus.

SIMPLE RESOLUTION.

By Senator McNealus:

Resolved, That the following names be added to the list of stenographers or typewritists to be employed by the Senate during the Second Called Session of the Thirty-third Legislature, in accordance with the terms of a resolution providing for such employes adopted August 24, being the first day of said Special Session; and provided further that said additional stenographers or typewritists shall receive the same pay for their services as heretofore provided for: Mrs. Mabel Kinzey, Miss Lila Fuller, Hayden Moore, Miss Daisy Reedy, Mrs. M. Morrison.

The resolution was read and adopted.

SIMPLE RESOLUTION.

By Senator McGregor, by request:

Whereas, Bills are now pending before the Interstate Commerce Committee of the national House of Representatives, and before the Public Health Committee of the Senate of the United States, which contemplate the conversion of military or other reservations no longer used by the Federal government into sanatoria and hospitals for the care of some of the indigent stranger consumptives who come to the Southwest in large numbers; and

Whereas, It is desired to secure an early and favorable committee report upon these bills so that they may be considered at the present session of Congress; therefore, be it

Resolved, That the Texas congress-

sional delegation is hereby requested to use every effort to secure a favorable committee report upon these bills at the earliest possible moment; and be it further

Resolved, That the Secretary of the Senate is hereby instructed to send a copy of this resolution to all Texas Senators and Congressmen.

The resolution was read and adopted.

BILLS AND RESOLUTIONS.

By Senators Collins, Willacy and Warren:

S. B. No. 4, A bill to be entitled "An Act to preserve the credit of the citizens of the State of Texas generally and to prevent the sacrifice of a large part of the products of its industry; to assist in maintaining the solvency of the banks chartered by the State and to preserve intact the depositors' guaranty fund; to maintain the integrity of the actual value of the products of industry during the present period of financial disturbance, to the end that taxes may be collected and taxable values maintained; to furnish a certain, safe, authoritative and liquid security, to enable the people of the State generally to obtain their ratable and proper distribution of currency which may be issued by the National Government and generally to preserve the credit and industrial and financial integrity of the State; authorizing and requiring the Commissioner of Insurance and Banking to establish a State warehouse system for the storing of cotton in bales, wheat in elevators, and other products of industry; prescribing the terms and conditions and rules and regulations under which such officer shall establish said warehouse system, conferring certain authority upon him with reference thereto and conferring authority upon incorporated cities and towns to contribute to the cost and expense of such system in their respective locations and conferring authority upon private corporations to make contributions for such purpose; authorizing the Commissioner to appoint managers at each local warehouse, fixing the bond and defining the duties of such managers; prescribing the terms and conditions of warehouse receipts to be issued by the managers of warehouses established by the Commissioner of Insurance and Banking, and prescribing when and under what conditions such receipts may be issued and when duplicates may be issued; defining negotia-

ble and non-negotiable receipts; prescribing when property placed in State warehouses shall be delivered upon the surrender of receipts and all terms and conditions, rules and regulations governing State warehouses established by the Commissioner of Insurance and Banking; defining the liability of the State as a public warehouseman and permitting suits to be brought against it as such; prescribing the venue thereof; prescribing that the Commissioner of Insurance and Banking shall fix the charges for storage; authorizing the Commissioner of Insurance and Banking to have all products stored in State warehouses insured; defining what character of buildings may be used for warehouse and storage purposes; providing for the appointment of warehouse examiners by the Commissioner of Insurance and Banking, prescribing their duties, conferring authority upon the Commissioner of Insurance and Banking to have State warehouses examined by State Bank Examiners; providing how the warehouseman's lien provided for in the measure may be satisfied; stating when the Commissioner of Insurance and Banking shall cease to receive cotton in storage under the act; declaring that all public cotton gins in this State are charged with the public use; creating special fund to be used only in the administration of this law; defining the standard of weights and measures and classification to govern the Commissioner in administering this act; creating certain penal offenses to secure the enforcement of the act and prescribing penalties therefor; making an appropriation to carry out the provisions of this act; defining the word 'Commissioner,' as used in this act; providing for tags on cotton bales; and declaring an emergency."

Read first time and referred to Committee on Commerce and Manufactures.

By Senator Wiley:

S. B. No. 5, A bill to be entitled "An Act creating a Department of Co-operative Cotton Marketing to be located at Austin, Texas, providing for necessary office room, equipment, examiners and clerical assistants; providing for the appointment of a Commissioner to be known as the Commissioner of Co-operative Cotton Marketing; providing for the organization of co-operative cotton marketing associations; prescribing duties of the Commissioner of Co-operative Cotton Marketing Associations; providing for the general administra-

tion of the Department of Co-operative cotton marketing associations; providing for the appointment of examiners to examine said associations; imposing certain restrictions on the business of co-operative cotton marketing; creating a guaranty fund; providing for liquidation of co-operative cotton marketing associations; providing for the issuance of participating certificates to be issued by co-operative cotton marketing associations; providing penalties; repealing all laws in conflict and declaring an emergency."

Read first time and referred to Judiciary Committee No. 1.

Morning call concluded.

SIMPLE RESOLUTION.

(Pending Business.)

Action recurred on the pending business, a simple resolution by Senator Watson relating to requesting the Attorney General's Department for an opinion on the matter of the Lieutenant Governorship of the State of Texas.

HOUSE CONCURRENT RESOLUTION NO. 1.

The Chair laid before the Senate, by unanimous consent, the following resolution:

H. C. R. No. 1, Endorsing amendment to national bank laws.

Whereas, The precipitation of the great European war at this time has so restricted normal international trade movements as to seriously threaten demoralization in the price of certain commodities which ordinarily seek a market at this season; and

Whereas, The State of Texas, which produces almost one-third of the cotton crop of the country, is in imminent danger of tremendous loss in the intrinsic value of its cotton crop of 1914, unless adequate financial provision is made for the surplus cotton coming on the market to be held for a reasonable time and judiciously marketed upon a basis approximating its real value; and

Whereas, There are more than 248 banking institutions in Texas operating under State charter and having a capital and surplus which conform to the requirements of the Aldrich-Vreeland emergency currency act, for national banks; therefore, be it

Resolved by the Legislature of the State of Texas, both houses concurring. That we commend to the earnest consideration of the Federal government and of the Congress such legal provisions as will make banking institutions operating under State charter and capable of complying with the terms and conditions of national bank laws eligible to membership in the National Currency Associations, now being perfected under the Aldrich-Vreeland act by extending the time within which they may join such associations sixty (60) days from August, 1914, to the end that the resources and credit of these institutions may contribute to the relief of the situation confronting the cotton-producing States.

Resolved, That we commend the plan advanced to make the receipts to be issued for cotton stored in the emergency warehouses proposed to be established under national supervision acceptable collateral to a reasonable and judicious amount to secure the issuance of emergency currency; and we urge upon the Congress the advisability of extending equal recognition to receipts for cotton when stored in warehouses under adequate State supervision.

Resolved, That in view of the fact that comparatively few banks in the Southern States carry among their securities bonds of the classes required as security for the issuance of emergency currency, practically resulting in the limitation of the issue of such emergency to the 30 per cent which the law now authorizes to be issued on commercial paper, we commend to the consideration of the Congress the urgent importance of amending the Aldrich-Vreeland act to permit such increased issue of emergency on the security of commercial paper as may be deemed consistent with sound financial policy, which amount we believe could conservatively be placed at a minimum of 75 per cent of the sum to which the eligible banks are entitled under the law.

Resolved, That a copy of these resolutions be forwarded to the President of the United States, Hon. Woodrow Wilson, to Hon. W. G. McAdoo, Secretary of the Treasury, and to the Texas delegation in Congress.

The resolution was read, and

Senator Brelsford offered the following amendment, which was read and adopted:

Amend by inserting the words "at least" after the words "may join such

associations," in line 27, page 1, of resolution.

Senator Wiley offered the following amendment:

Amend the resolution by striking out the words "under adequate State supervision" at the end of first whole paragraph on page 2 of the resolution.

(Senator McGregor in the chair.)

The amendment was read and lost by the following vote:

Yeas—9.

Brelsford.	Harley.
Carter.	McGregor.
Clark.	McNealus.
Darwin.	Wiley.
Greer.	

Nays—13.

Astin.	Lattimore.
Bailey of Harris.	Taylor.
Collins.	Townsend.
Cowell.	Warren.
Gibson.	Watson.
Hudspeth.	Westbrook.
Johnson.	

Present—Not Voting.

Conner.	Real.
Hall.	

Absent.

Bailey of DeWitt. Terrell.

Absent—Excused.

Morrow.	Willacy.
Nugent.	

Senator Wiley offered the following amendment, which was read and lost:

Amend the resolution by striking out the words "and secure the issuance of" and insert the words "to form the basis of loans for."

The resolution, as amended, was adopted by the following vote:

Yeas—24.

Astin.	Hudspeth.
Bailey of Harris.	Johnson.
Brelsford.	Lattimore.
Carter.	McGregor.
Clark.	McNealus.
Collins.	Real.
Conner.	Taylor.
Cowell.	Terrell.
Gibson.	Townsend.
Greer.	Warren.
Hall.	Watson.
Harley.	Westbrook.

Nays—2.

Darwin.	Wiley.
	Absent.

Bailey of DeWitt.

Absent—Excused.

Morrow.	Willacy.
Nugent.	

(President Pro. Tem. Warren in the chair.)

SIMPLE RESOLUTION.

(By Unanimous Consent.)

By Senator Westbrook:

Resolved, That each member of the Senate be entitled to thirty-three copies of Senate Journal of August 26, containing Senate bill No. 1, for distribution as his judgment prompts, the ten remaining copies to be given to the President Pro Tempore of the Senate, in addition to his regular proportionate share.

Pending.

SENATE BILLS NOS. 4 AND 5 IN FULL.

By order of the Senate, Senate bills Nos. 4 and 5 are printed in the Appendix of this Journal.

ADJOURNMENT.

On motion of Senator Carter, the Senate, at 12:45 o'clock p. m., adjourned until 10 o'clock tomorrow morning.

APPENDIX.

COMMITTEE REPORT.

Committee Room,
Austin, Texas, August 27, 1914.

Hon. Robt. L. Warren, President Pro Tem. of the Senate.

Sir: Your Committee on Enrolled Bills have carefully examined and compared Senate bill No. 3, and find it correctly enrolled, and have this day, at 10:30 o'clock a. m., presented same to the Governor for his approval.

GIBSON, Chairman.

PETITIONS AND MEMORIALS.

By Senator Carter:

Kilgore, Texas, August 24, 1914.

Mr. E. H. Carter, Senator, Austin, Texas:

We, the undersigned farmers, merchants and bankers of Kilgore, Texas, do urgently request that you support and put forth your best efforts in securing the passage of the cotton warehouse bill as outlined by Attorney General Looney. Numerous signed.

SENATE BILL NO. 5.

S. B. No. 5. By Senator Wiley.

A BILL

To be Entitled

An Act creating a Department of Co-operative Cotton Marketing to be located at Austin, Texas, providing for necessary office room, equipments, examiners and clerical assistants; providing for the appointment of a Commissioner to be known as the Commissioner of Co-operative Cotton Marketing; providing for the organization of co-operative cotton marketing associations; prescribing duties of the Commissioner of Co-operative Marketing; defining the business of a co-operative cotton marketing association; providing cotton marketing and of co-operative cotton marketing associations; providing for the appointment of examiners to examine said associations; imposing certain restrictions on the business of co-operative cotton marketing; creating a guaranty fund; providing for liquidation of co-operative cotton marketing associations; providing for the issuance of participating certificates to be issued by co-operative cotton marketing associations; providing penalties; repealing all laws in conflict, and declaring an emergency.

Be it enacted by the Legislature of the State of Texas:

Section 1.

Article 1. A Department of State to be known as "The Department of Co-operative Cotton Marketing," to be administered by a Commissioner of Co-operative Cotton Marketing, is hereby established and created.

Article 2. The Department of Co-operative Cotton Marketing shall be

provided with necessary offices in the Capitol building at Austin, Texas, and shall be furnished all necessary office furniture and fixtures for the proper use and conduct of the department.

Article 3. The Governor shall appoint, by and with the advice and consent of the Senate, a Commissioner of Co-operative Cotton Marketing, who shall be a citizen of the State of Texas and experienced in matters of cotton marketing and trade.

Article 4. The Commissioner of Co-operative Cotton Marketing shall hold his office for a term of two years and until the appointment and qualification of his successor.

Article 5. The Governor may fill any vacancy occurring in the office of Commissioner of Co-operative Cotton Marketing, and report the name of the person so appointed to the Senate if in session, or at the next succeeding session of the Legislature. Should the Senate fail to confirm the appointment made by the Governor within ten days after being advised thereof, then the said office shall be deemed vacant and a new appointment shall be made until the office is filled.

Article 6. Within ten days after notice of his appointment and before entering upon the duties of his office, he shall take the oath of office prescribed by the Constitution, and shall give a bond to the State of Texas in the sum of five thousand dollars with two or more good and sufficient sureties to be approved by the Governor, and conditioned for the faithful discharge of the duties of his office, which oath and bond shall be filed in the office of the Secretary of State. The bond provided for in this article may be executed by any bonding company doing business in this State as surety.

Article 7. Said Commissioner may appoint a chief clerk and such other clerks as the labor of his office may require, and all clerks shall be removable at the pleasure of the Commissioner.

Article 8. Said Commissioner may appoint such examiners and agents as may be necessary to make all examinations and perform such duties as may be necessary to carry out the provisions of this act.

Article 9. The chief clerk shall possess all the power and perform all the duties attached by law to the office of Commissioner during the necessary or unavoidable absence of the Commissioner, or his inability to act from any cause. The Commissioner shall be responsible

for the acts of his chief clerk, who shall, before entering upon the duties of his position, take the oath required of the Constitution; and may also be required by the Commissioner to enter into bond with security payable to said Commissioner for the faithful performance of the duties of his position.

Article 10. The said Commissioner shall be styled "The Commissioner of Co-operative Cotton Marketing," and shall have a seal of office, the design of which shall consist of a star with five points with letters composing the words "Department of Co-operative Cotton Marketing" on the margin; such seal thus formed and impressed shall be the seal of office of the Department of Co-operative Cotton Marketing.

Article 11. The Commissioner of Co-operative Cotton Marketing shall see that all laws respecting co-operative cotton marketing are faithfully executed.

He shall file and preserve in his office all acts or articles of incorporation of co-operative cotton marketing associations, and all other papers required by law to be deposited with him; and upon application of any person interested therein, to furnish certified copies upon payment of the fees prescribed by law.

He shall cause examinations of all co-operative cotton marketing associations organized and doing business under this act to be made at least twice each calendar year, and may cause other examinations to be made at such times as he may feel justified in so doing.

He shall require all co-operative cotton marketing associations to make and submit to his department regular statements showing the condition of their business, which statements shall be made on forms prepared and furnished by the Department of Co-operative Cotton Marketing, and each association shall be required to make and furnish not less than three nor more than five of such reports during each calendar year.

He shall demand and require that each association shall cause a brief statement or synopsis of its detailed report to be published in some newspaper in the city or town in which the said association conducts its business, and if there is no newspaper published at said place, the publication of the statement may then be made in some paper that is circulated in the community in which the said association conducts its business.

Article 12. The salary of the Commissioner of Co-operative Cotton Marketing shall be four thousand dollars

per annum, payable in monthly installments.

Examiners appointed by the Commissioner of Co-operative Cotton Marketing shall receive the same salary and fees as are provided for the payment of examiners examining State banks under the supervision of the Department of Insurance and Banking.

The Department of Co-operative Cotton Marketing shall demand and receive the same fees for furnishing certified copies and performing like services as are provided by statutes governing fees of the Department of Insurance and Banking.

Article 13. Neither the Commissioner of Co-operative Cotton Marketing nor any co-operative cotton marketing association examiner shall at any time during his incumbency be financially interested directly or indirectly in any co-operative cotton marketing association.

Article 14. Any officer or employee named in the foregoing article violating any of its provisions shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding one hundred dollars; and the venue in such case shall be in the county wherein such co-operative cotton marketing association is located.

The violation of the provisions of Article 13 shall work a forfeiture of the office or position held by the person guilty of such violation.

Article 15. Every examiner appointed by the Commissioner shall be an expert bookkeeper and accountant, and before entering upon the duties of his appointment take and file in the office of the Commissioner of Co-operative Cotton Marketing an oath to support the Constitution of the State, to faithfully demean himself in his office, and to make fair and impartial examinations, and that he will not reveal the condition of any association examined by him, or any information secured in the course of any examination of any association to any one except the Commissioner, and except when required so to do as a witness in any court of competent jurisdiction. Every such examiner shall enter into a bond, payable to the State, in the sum of five thousand dollars, to be approved by the Commissioner, and deposited in the office of the State Comptroller, and conditioned that he will faithfully perform his duties as such examiner; and in case any such examiner shall knowingly report any such association in an insolvent condition, or in case he shall

report any such association to be solvent knowing the same to be otherwise, and any person be injured thereby, such person shall have a right of action on such bond for his injury.

Article 16. Whenever the Commissioner shall have reason to believe that any association subject to the provisions of this act has permitted its capital stock to be reduced by impairment or otherwise below the amount required by law, or by its certificates or articles of association, he shall require such association to make good the deficiency. Whenever it shall appear to the Commissioner from any examination made by him or his examiners that any such association is conducting its business in an unsafe and unauthorized manner, he shall by an order under his hand and seal direct the discontinuance of such illegal and unsafe and unauthorized practice, and demand the strict conformity with the requirements of the law and with safety and security in its transactions; and if wrong entries or unlawful uses of the funds of the association have been made, he shall require that such entries shall be corrected and such sums unlawfully paid out shall be restored by the person or persons responsible for the wrongful or illegal payment thereof; and whenever any association shall refuse or neglect to make any such report as is hereinbefore required, or to comply with any such orders as aforesaid; or whenever it shall appear to the Commissioner that it is unsafe or inexpedient for any such association to continue to transact business, or has been guilty of misconduct, or malversation in the conduct of his business he shall communicate the fact to the Attorney General who shall thereupon institute such proceedings as the nature of the case may require. If from an examination made by the Commissioner, or by one of his examiners, it shall be discovered that any association organized under this act is insolvent, or that its continuance in business will seriously jeopardize the safety of its business or creditors, and if the action is taken from an examination by an examiner, such examiner shall recommend the closing of the association, then it shall be the duty of the Commissioner if he has approved such recommendation to close said association and take charge of all the property and effects thereof. Upon taking charge of any association the Commissioner shall as soon as practicable ascertain by thorough examination of its affairs, its act-

ual financial condition, and whenever he shall become satisfied that such association cannot resume business or liquidate its indebtedness to the satisfaction of all of its creditors, he shall report the facts of its insolvency to the Attorney General who shall immediately upon the receipt of such notice institute proceedings in a court of competent jurisdiction for the purpose of having a receiver appointed to take charge of such association, and to wind up the affairs and business thereof for the benefit of its creditors, stockholders, and those holding participating certificates.

The Commissioner may appoint a special agent to take charge of the affairs of the association temporarily, until a receiver is appointed, such agent to qualify, give bond and receive compensation the same as a regularly appointed association examiner; such compensation to be paid by the association or allowed by the court as cost in the case of the appointment of the receiver; provided that in no case shall any association continue in charge of such special agent for a longer period than sixty days. And any court of competent jurisdiction hearing such application for a receivership, either in term time or vacation, shall issue such orders as the law and the facts in the case warrant.

Article 17. Any co-operative cotton marketing association doing business in this State under this act may place its affairs and assets under the control of the Commissioner by posting a notice upon its front door as follows:

"This association is in the hands of the Commissioner of Co-operative Cotton Marketing of the State of Texas."

The posting of this notice, or of a notice by the Commissioner that he has taken possession of any association, shall be sufficient to place all of its assets and property of whatever nature in the possession of the Commissioner, and shall operate as a bar to any attachment proceedings whatever.

Article 18. If any association subject to the provisions of this title shall refuse to submit its books, papers and concerns to the inspection of the Commissioner, or of any of his examiners, or if any officer or director thereof shall refuse to submit to be examined on oath touching the concerns of such association, or if it shall be found to have violated its charter or any law of the State binding upon it, the Commissioner shall report the fact to the Attorney General who shall institute such

action or proceedings as the law and facts in the case may justify.

Article 10. The board of directors of any such association whenever required by the Commissioner, shall furnish a statement to be filed in his office under oath, by the president, secretary-treasurer, and attested by three of the directors of the actual condition of the affairs of such association at the close of business on the day designated, and which day shall be prior to such call, such statement to be upon the form prescribed by the Commissioner.

Article 20. Any association doing business under this act may at any time increase its capital stock in accordance with the provisions of this chapter with the consent of the persons holding the majority of the stock of such association, which shall be obtained at a meeting of the shareholders, called for that purpose, which said notice shall be given by publication in some newspaper, or by mailing notices addressed to the stockholders at their place of residence, which notice shall be issued thirty days prior to any such meeting held for the purpose of increasing capital stock, and any such increase shall be immediately reported to the Commissioner of Co-operative Cotton Marketing.

In all matters of election to increase the capital stock, each stockholder shall be permitted to vote one vote for each share of stock owned, and at all meetings of the association held for any other purpose than an increase of capital stock, each stockholder shall be permitted to vote one vote for each share of capital stock held, and each person holding profit-sharing certificates shall be entitled to one vote for each certificate held and a majority vote of those present and acting shall be decisive in all elections.

Section 2.

Article 1. Any three or more persons who are resident citizens of the State of Texas may associate themselves together and make application to the Commissioner of Co-operative Cotton Marketing for a charter permitting them to become a body corporate for the purpose of engaging in the business of selling, shipping, marketing, transferring and assigning cotton, and of borrowing and loaning money and doing a discount business without banking privileges with its members only, and to be known as a co-operative cotton marketing association.

Article 2. The articles of association adopted by persons making appli-

cation for charter under Article 1, Section 2, of this act shall set out:

1. The corporate name of the proposed association which shall not be the name of any other association heretofore incorporated in this State for similar purposes or any imitation of such name, and such which shall include as part thereof the name of the city or town wherein the association is located.

2. The name of the city or town and county in which the association is to be located.

3. The amount of capital stock of the association, which shall not be less than one hundred dollars, and shall be divided into shares of ten dollars each, that the same has been duly subscribed and actually paid up in lawful money of the United States, or in cotton valued at its actual market value, and is in the custody of the persons named as the first board of directors.

4. The names and places of residence of the several shareholders, and the number of shares subscribed by each.

5. The number of directors and the names of those agreed upon for the first year.

6. The number of years the corporation is to continue, which in no case shall exceed fifty years.

Article 3. Such articles shall be signed by and acknowledged by the parties thereto and filed in the office of the Commissioner of Co-operative Cotton Marketing, and a certified copy thereof shall be returned by the Commissioner of Co-operative Cotton Marketing for the incorporators, which said certified copy shall be recorded in the office of the county clerk of the county in which the association is located.

Article 4. The affairs of the business of every association chartered hereunder shall be managed by the board of directors consisting of not less than three nor more than twenty-five shareholders, who shall be elected annually, who shall be bona fide resident citizens of the State of Texas. Every person who shall be elected a director of the association shall within thirty days after his said election qualify as such director by filing with the officers of such association a written acceptance of the position, a copy of which said acceptance shall be spread upon the minutes of the board of directors. Failure to comply with this provision within the time specified shall work a forfeiture of the position, and when any vacancy occurs by any such failure the board of directors shall at the next

regular meeting thereafter enter the fact of such vacancy upon their records and immediately proceed to elect some competent person to fill the vacancy for the unexpired term.

In the event of a vacancy happening from any cause in the board previous to the annual election the remaining members thereof may fill such vacancy.

Article 5. The capital stock which shall be full paid up shall not be less than one hundred dollars.

Article 6. Every such association shall be authorized and empowered to conduct the business of holding cotton for members only, selling cotton for members only, loaning money to members, holding cotton as collateral security under the system of public bonded cotton warehouse receipts, and of borrowing money and doing a discount business; rate of interest charged members shall not exceed 6 per cent per annum, except in cases where the association is forced to borrow money to loan to its members, and in that event the money shall be loaned to its members at actual cost to the association, the rate of which shall not exceed 10 per cent per annum; that no association organized under this act shall loan more than 75 per cent of the actual value of the cotton for which the warehouse receipts have been delivered to the association, and in all cases where cotton is held and the market declines to such an extent that the money loaned to any member on any particular cotton is equal to 90 per cent of the actual value of the cotton at the time the association shall require and demand that such member margin his cotton in any reasonable amount, and that he shall so continue to margin in such amounts as may be necessary to hold the percentage on loans at not less than 90 per cent of the true value of the cotton.

Article 7. The total liability of each stockholder under this act shall be in an amount equal to twice the value of the stock held by such stockholder.

Article 8. The officers of the co-operative cotton marketing association shall be a president, vice-president, and secretary-treasurer, who shall be members of the board of directors, and elected by the board of directors.

Article 9. The Commissioner of Co-operative Cotton Marketing in issuing charters to co-operative cotton marketing associations shall use a serial number, and shall keep a register of each and every association chartered.

Article 10. The board of directors of

each and every association under this act shall meet at least once per month, and pass upon the business of the association, shall keep minutes of the proceedings, and shall direct the affairs of the association, and no bills payable shall be made, and no bills shall be re-discounted by the association except with the consent of the board of directors duly registered in their minutes.

Article 11. The board of directors of a co-operative cotton marketing association shall be alert in all matters pertaining to the administration of the association, and shall make quarterly examinations of the association, entering and recording a full report of the result of their examinations in the minutes of the association.

Article 12. Dividends paid on capital stock shall be limited to 10 per cent per annum, and no association shall at any time declare and pay a dividend to its stockholders in excess of 10 per cent per annum.

Article 13. Each association shall accumulate a permanent surplus to be built up by the payment of a fee or charge of one dollar per bale as a permanent surplus fund, which shall be paid by the owner of the cotton for each and every bale he has handled by and through the association. The co-operating cotton marketing association shall issue to the owner of cotton, making such payments of one dollar per bale, a certificate, to be known as a participating certificate, as is hereinafter provided.

Article 14. Every co-operative cotton marketing association doing business under this act shall permit any owner of cotton who may desire to become a member of the association to make and file his application for membership upon his agreement to pay one dollar per bale into the permanent surplus fund of the association and at such time as the applicant may make the payment of one dollar per bale the association shall issue to him a participating certificate representing the amount paid by the member.

Article 15. The association shall make a distribution of its undivided profits at the end of each calendar year among its members holding participating certificates. The distribution made hereunder shall be distributed to every member in proportion to the number of participating certificates held, counting one certificate for each dollar paid into the surplus fund by the member.

Article 16. The permanent surplus

fund, created and built up by the payment of one dollar per bale, shall constitute a fund to be loaned to the members of the association only upon personal notes well secured.

Article 17. The form of the participating certificate issued shall be regular and uniform and adopted by the Commissioner of Co-operative Cotton Marketing, and bear a serial number to show the amount for which it is issued, and bear a statement to the effect that the certificate authorizes the holder thereof to participate in the earnings of the association issuing the certificate.

Article 18. The board of directors shall make and levy a uniform charge or fee for the service rendered by the association, which shall be sufficient to cover cost of operating expenses.

Article 19. The officers and employees of the co-operative cotton marketing association shall receive such salaries as may be fixed by the board of directors.

Article 20. The board of directors and officers of the association shall give particular attention to warehouse conditions and see that all cotton pledged to the association is fully insured at all times.

Article 21. The board of directors provided for herein shall be elected or appointed as follows: the first board shall be appointed by the organizers of the association and shall serve for the first year, and thereafter the directors shall be elected by the stockholders, and each director shall be a stockholder in the association.

Article 22. No co-operative cotton marketing association shall ever buy or speculate in cotton or cotton futures.

Section 3.

Article 1. Each and every co-operative cotton marketing association which may hereafter be incorporated and chartered under this act shall secure its creditors in the manner hereinafter prescribed.

Article 2. All co-operative cotton marketing associations chartered and acting under this act, and approved as solvent associations by the Commissioner shall co-operate in the establishment of a guaranty fund, which shall be paid to the Commissioner of Co-operative Cotton Marketing, and by him deposited in the State Treasury to the credit of a special fund to be known as the Co-operative Cotton Marketing Association Guaranty Fund.

Article 3. Any such association chartered under this act and approved as an association entitled to the benefits of the guaranty fund shall pay to said Commissioner two cents per bale for each bale handled by the association, which payment shall be made at the end of each thirty-day period, and the remittances for the guaranty fund shall be accompanied by a statement showing the number of bales handled during the thirty days for which the remittance is made. The term "handle" shall be construed to include only such cotton as has been sold or otherwise delivered by the association.

Article 4. All payments to the guaranty fund shall be carried on the books of the association as assets. When the amount available in said guaranty fund shall reach the sum of four million dollars, the Commissioner of Co-operative Cotton Marketing shall notify all associations subject to this act, and thereafter the associations participating shall not pay any further amount into said fund until said fund is depleted. In the event of depletion of said fund from any cause so that it falls below four million dollars, said Commissioner shall have authority to require the payment of the former rate of two cents per bale until such time as the guaranty fund may be restored to its full amount of four million dollars. The guaranty fund provided for herein shall be held by the State Treasurer as bailee for the Department of Co-operative Cotton Marketing, and shall be paid out of the State Treasury on warrants drawn by the order of the Commissioner of Co-operative Cotton Marketing, and said fund shall never be diverted from the purpose as specified in this act, nor shall it ever be considered as State funds.

Article 5. The Commissioner of Co-operative Cotton Marketing shall admit to the benefit and protection of this act only such associations as in his opinion are solvent and properly officered and conducted, and shall prescribe the form of application and statement which shall be made by each and every association, and which shall be sworn to by two officers of the association, blank copies of which application and statement shall be mailed to each association at the time the association is chartered, which shall be filled out, signed and sworn to and returned promptly to said Commissioner, and such copies shall be mailed to any association within this State upon request. Should the Commissioner decline the application of any associa-

tion, he shall state the grounds of such declination to such association, and whether the objection may be cured.

Article 6. Whenever any association shall become insolvent and shall voluntarily, or by law or in any manner as provided in this act, come into the hands of the Commissioner of Co-operative Cotton Marketing, he may proceed to wind up its affairs, either through a receiver, or through some competent person, who shall give bond as may be required by the Commissioner, payable to the Commissioner of Co-operative Cotton Marketing, for the faithful performance of all duties imposed upon him. Said bond may be recovered upon for the benefit of said guaranty fund or any party at interest. On taking possession of the property and business of any such association, the Commissioner shall forthwith give notice of such fact to any and all associations and individuals holding, or in possession of, any assets of any such association.

Article 7. Such association may, with the consent of the Commissioner, resume business upon such condition as may be approved by the Commissioner, which permission shall be evidenced by a written statement to that effect from the Commissioner.

Article 8. Upon taking possession of the property and business of such association, the Commissioner is authorized to collect money due such associations and to do such other acts as are necessary to conserve its assets and business, and shall proceed to liquidate the affairs thereof as provided in this chapter.

Article 9. The Commissioner may, if necessary to pay the debts of such association, enforce the individual liability of the stockholders.

Article 10. The Commissioner may, under his hand and official seal, appoint one or more special agents to assist him in the duty of liquidation and distribution, the certificate of appointment to be filed in the office of the Commissioner and a certified copy in the office of the clerk in the county court in which such association was located and transacted business. The Commissioner may from time to time authorize a special agent to perform such duties connected with such liquidation and distribution as the said Commissioner may deem proper.

Article 11. The Commissioner may employ such counsel and procure such expert assistance as may be necessary in the liquidation and distribution of the assets of such association and may retain such of the officers and employees

of such association as he may deem necessary.

Article 12. The Commissioner shall require from a special agent and from assistants such security for the faithful discharge of their duties as he may deem proper.

Article 13. The Commissioner shall cause notice to be given by advertisement in such newspapers as he may direct, for three consecutive months, calling on all persons who may have claims against such association to present the same to the Commissioner and make legal proof thereof at a place and within a time not earlier than the last day of publication, to be therein specified, which notice shall contain a statement that all such claims of guaranteed obligation must be presented, and legal proof thereof made at the place designated within sixty days after the date of the last publication, and all claims presented after the expiration of said sixty days shall not be entitled to payment of any portion thereof out of the guaranty fund. The Commissioner shall mail a similar notice to all persons whose names appear as creditors upon the books of the association.

Article 14. If the Commissioner doubts the justice and validity of any claim, he may reject the same and serve notice of such rejection upon the claimants, either by mail or by written notice personally served. Any action upon the claim so rejected must be brought within six months after such notice of service.

Article 15. Claims presented after the expiration of the time fixed in the notice to creditors shall be entitled to share in the distribution only to the extent of the assets in the hands of the Commissioner equitably applicable thereto.

Article 16. Upon taking possession of the property and assets of such association the Commissioner shall make, or cause to be made, an inventory of the assets of such association in duplicate, one to be filed in the office of the Commissioner, and one to be retained at the place of business of the association during such time as it may be in process of liquidation. The Commissioner shall make and keep a true and correct record of all claims filed, distribution of funds and such other records and copies as may be necessary to enable him to furnish a full detailed statement of the liquidation of the association by his department, such inventory, list of claims and records shall be open at

all reasonable times and subject to the inspection of any person at interest.

Article 17. All compensation of special agents, counsel, and other employees and assistants, and all other expenses incidental to the liquidation of any such association shall be paid by the Commissioner of Co-operative Cotton Marketing out of such funds as may be available for that purpose, provided that the compensation of such special agents shall always be the same as is provided by law for co-operative cotton marketing association examiners.

Article 18. The moneys collected by the Commissioner shall be from time to time deposited in some bank approved by the Commissioner.

Article 19. At any time after the expiration of the date fixed for the presentation of the claims the Commissioner may, out of funds remaining in his hands after the payment of the expenses declare one or more dividends, and after the expiration of one year after publication of notice to creditors, he may declare a final dividend, such dividends to be paid to such persons and in such manner as the Commissioner may direct.

Article 20. Any creditor, stockholder, or holder of a participating certificate, when aggrieved or dissatisfied with any of the acts of the Commissioner, shall have his remedy at law, and the jurisdiction of any such proceedings shall be in a court of competent jurisdiction in the county in which the association is located.

Article 21. Any association whose property and business the Commissioner has taken possession of, as aforesaid, that may deem itself aggrieved thereby, may at any time apply to the district court, if in session, or to the judge thereof if not in session, of the district in which the association is located and transacting business, to enjoin further proceedings, and said court, if in session, or the judge thereof if in vacation, after citing the Commissioner to show cause why further proceedings should not be enjoined, and hearing the application and proofs of the party, and determining the facts, may upon the merits dismiss such application or enjoin the Commissioner from further proceedings and direct him to surrender such business or property to such association.

Article 22. In the event of the voluntary liquidation of any association, operated under the provisions of the Association Guaranty Fund when it shall be made to appear to the Com-

missioner that all creditors have been paid in full, said Commissioner shall return to such association the pro rata part paid by it into such fund when unused.

Article 23. The participating certificates issued under provisions of this act shall be subject to sale and transfer upon the records of the association.

Article 24. It shall be the duty of the officers of a co-operative cotton marketing association to issue the assignee of any participating certificate a new certificate in his name for like amount and subject to same conditions as the original certificate.

Article 25. The officers of a co-operative cotton marketing association shall keep a true and correct record of all stock and certificates issued, and shall perform all such acts as may be incumbent upon them by reason of their position as officers of such association.

Article 26. If in the liquidation of the affairs of any association the assets of the association shall be insufficient to meet all obligations of the association, the Commissioner shall apply all or any part of the guaranty funds provided for herein to the payment of such shortage, and shall draw his warrant upon the State Treasurer payable out of said guaranty fund to the order of such claimant justly entitled to the payment.

Article 27. Any person violating any provision of this act, where other specific punishment has not been prescribed for the offense committed, shall be deemed guilty of a misdemeanor, and upon a conviction thereof shall be punished by fine in any sum not less than ten dollars nor more than five hundred dollars, and in addition thereto may be removed from any such position occupied by such person thus offending.

Article 28. Should any section or article of this act be declared unconstitutional or void from any cause, it shall not be held to invalidate any other portion of this act.

Article 29. All laws and parts of laws in conflict herewith are hereby repealed.

Article 30. The fact that the present session of the Legislature was convened in extraordinary session for the purpose of considering cotton marketing conditions as affecting the finance of the cotton growers of this State, and that the Legislature may be in session a very short time and the great importance of the legislation proposed herein, creates an imperative public necessity that the constitutional rule requiring bills

to be read in both houses on three several days be suspended, and that it take effect from and after its passage.

SENATE BILL NO. 4.

S. B. No. 4. By.....

A BILL

To be Entitled

An Act to preserve the credit of the citizens of the State of Texas generally and to prevent the sacrifice of a large part of the products of its industry; to assist in maintaining the solvency of the banks chartered by the State and to preserve intact the depositors' guaranty fund; to maintain the integrity of the actual values of the products of industry during the present period of financial disturbance, to the end that taxes may be collected and taxable values maintained; to furnish a certain, safe, authoritative and liquid security, to enable the people of the State generally to obtain their ratable and proper distribution of currency which may be issued by the national government and generally to preserve the credit and industrial and financial integrity of the State; authorizing and requiring the Commissioner of Insurance and Banking to establish a State warehouse system for the storing of cotton in bales, wheat in elevators, and other products of industry; prescribing the terms and conditions and rules and regulations under which such officer shall establish said warehouse system, conferring certain authority upon him with reference thereto and conferring authority upon incorporated cities and towns to contribute to the cost and expense of such system in their respective locations, and conferring authority upon private corporations to make contributions for such purpose; authorizing the Commissioner to appoint managers at each local warehouse, fixing the bond and defining the duties of such managers; prescribing the terms and conditions of warehouse receipts to be issued by the managers of warehouses established by the Commissioner of Insurance and Banking, and prescribing when and under what conditions such receipts may be issued and when duplicates may be issued; defining negotiable and non-negotiable receipts; prescribing when property placed in State ware-

houses shall be delivered upon the surrender of receipts and all terms and conditions, rules and regulations governing State warehouses established by the Commissioner of Insurance and Banking; defining the liability of the State as a public warehouseman and permitting suits to be brought against it as such; prescribing the venue thereof; prescribing that the Commissioner of Insurance and Banking shall fix the charges for storage; authorizing the Commissioner of Insurance and Banking to have all products stored in State warehouses insured; defining what character of buildings may be used for warehouse and storage purposes; providing for the appointment of warehouse examiners by the Commissioner of Insurance and Banking, prescribing their duties, conferring authority upon the Commissioner of Insurance and Banking to have State warehouses examined by State bank examiners; providing how the warehouseman's lien provided for in the measure may be satisfied; stating when the Commissioner of Insurance and Banking shall cease to receive cotton in storage under the act; creating special fund to be used only in the administration of this law; defining the standard of weights and measures and classification to govern the Commissioner in administering this act; creating certain penal offenses to secure the enforcement of the act and prescribing penalties therefor; making an appropriation to carry out the provisions of this act; defining the word "Commissioner" as used in this act; providing for tags on cotton bales, and declaring an emergency.

Be it enacted by the Legislature of the State of Texas:

Section 1. It is declared that this act is an emergency measure, made necessary by the conditions brought about by the wars on the continent of Europe.

The purpose of this act is to preserve the credit of the citizens generally of the State; prevent the sacrifice of a large part of the products of its industry now impending and due to the calamities and exigencies of war; to assist in maintaining the solvency of the banks chartered by the State of Texas, and preserve intact the depositors' guaranty fund; to maintain the integrity of the actual values of the products of industry during the present period of financial disturbance, to the end that taxes may be collected and

taxable values maintained; to furnish a certain, safe, authoritative, and liquid security, to enable the people of the State generally to obtain their ratable and proper distribution of currency issued or authorized to be issued by the national government, or other relief issues of money or currency made by the national government or authorized to be made by it, and generally to preserve the credit and industrial and financial integrity of the State.

Sec. 2. This act shall be administered by the Commissioner of Insurance and Banking, and wherever the word "Commissioner" appears in this act it shall refer to the Commissioner of Insurance and Banking. To aid him in his work he is empowered to appoint a chief clerk of the Warehouse Division of his Department, who shall perform the duties usually incident to that character of position and such other duties as may be assigned him by the Commissioner. Such chief clerk shall be paid the sum of three thousand dollars (\$3000) per annum, payable monthly, and shall hold his position at the will of the Commissioner. The Commissioner of Insurance and Banking shall also have authority to employ such clerks, stenographers, experts, managers, examiners, and such other help as may be necessary in carrying out the provisions of this measure. All those employed by the Commissioner for any purpose shall receive such salary and compensation as may be fixed by him, except as herein otherwise provided, and, in addition thereto, shall, when traveling on official business, receive their actual necessary traveling expenses.

Sec. 3. It shall be the duty of the State banks chartered under the laws of this State to render the Commissioner such reasonable assistance as he may request in putting into effect, and in administering this act.

Sec. 4. As soon as this act goes into effect, the Commissioner acting as trustee for the State of Texas, shall establish in each city, town, or village in this State, whether incorporated or unincorporated, where the demand therefor is reasonably sufficient to justify the outlay, a State warehouse for the storage of cotton in the bale, and shall store the same and issue receipts therefor in the manner herein provided; and in establishing such warehouse, he shall do so by the renting or leasing or suitable buildings and premises, which have already been constructed, or which are

to be constructed, and which shall be suitable for the purposes aforesaid.

Before establishing any warehouse hereunder in any incorporated city, town or village the Commissioner may, in his discretion, require such city or town to agree to pay and to pay all or any part of the cost of establishing and operating such warehouse; and authority is hereby conferred upon all incorporated cities and towns and villages of this State to appropriate and use as much of their general funds as may be necessary for such purpose. The Commissioner may also, in his discretion, before establishing any warehouse hereunder at any place require the citizens of such place, represented by some responsible body or committee, to agree to pay and to pay all or any part of the cost of establishing and operating such warehouse, and authority is hereby conferred upon all private corporations chartered under the laws of the State of Texas, to contribute so much of their funds as may be necessary for such purpose, in aiding the citizens of any particular place to obtain in the manner suggested the establishment and maintenance of a warehouse under this act.

Sec. 5. Each warehouse shall be in charge of a manager to be appointed by the Commissioner, who shall be competent to keep the books required to be kept and to grade and classify cotton. The manager shall give bond payable to the State at Austin, in the sum of two thousand five hundred dollars (\$2,500) in towns or cities of a population of less than twenty-five hundred (2500); five thousand dollars (\$5000), in towns and cities of a population exceeding twenty-five hundred (2500) and less than ten thousand (10,000); seven thousand five hundred dollars (\$7500) in towns and cities of a population exceeding ten thousand (10,000) and less than twenty-five thousand (25,000); and in the sum of ten thousand dollars (\$10,000) in towns and cities of a population exceeding twenty-five thousand (25,000). The population shall be ascertained by multiplying the number of school children shown by the last preceding school census within the limits of such town, city, or village, by five. There shall be but one manager in each town, city, or village, regardless of the fact that the Commissioner may establish any number of warehouses in each such town, city, or village. The bond of the manager shall be conditioned for the faithful and competent discharge of his duties under this act, and shall

be in form drawn by the Attorney General. The manager of warehouses in each such town, city or village shall receive such salary as may be fixed by the Commissioner and shall employ such help as may be necessary in the discretion of the Commissioner.

Each manager shall have a certificate signed by the Commissioner showing his appointment as manager, which he shall keep displayed in his office at the warehouse.

Sec. 6. Warehouses established under this act shall be conducted under rules fixed by the Commissioner, in order to effectively carry out its provisions, and it shall be the duty of the Commissioner as soon as may be after organizing this division of his department, to promulgate rules and regulations, and forms by which the provisions of this law may be carried out.

Sec. 7. Each warehouse receipt issued hereunder shall bear the date of issuance and shall state upon its face the name and number of the warehouse and its location, the description, quantity, number and marks of the cotton there stored, and shall state the class and weight of the same, and the date on which it was originally received in the warehouse, and that it is deliverable upon the return of the receipt properly endorsed by the person to whose order it was issued and upon payment of all charges for storage and insurance, which charges shall be stated on the face of the receipt, to secure all of which the State shall have a warehouseman's lien.

All such receipts shall be numbered consecutively in the order in their issuance, and shall state whether the cotton therein described is or has been exposed to the weather or under shelter. A correct record of such receipt shall be kept in a well bound book, which shall be at all reasonable hours open to examination by any interested person.

No two receipts bearing the same number shall be issued from the same warehouse during the same year, nor shall any duplicate receipts be issued, except in the case of a lost or destroyed receipt, in which case a new receipt shall bear the same date and number as the original and shall be plainly marked on its face "duplicate." A receipt in which it is stated that the goods will be delivered to the recipient or to any other specified person is a non-negotiable receipt. A non-negotiable receipt shall have plainly placed upon its face by the manager issuing it "non-negotiable" or "not negotiable." A receipt in which

it is stated that the goods will be delivered to the bearer or to the order of any person named in such receipt is a negotiable receipt.

In addition to other provisions each receipt shall have a blank form on the back thereof to be filled in and signed by the owner of the cotton, showing whether such cotton is free from encumbrance or liens of any kind. If there is any encumbrance or liens of any kind on said cotton at the time of its storage the nature and amount of the same shall be clearly set out, and it is made the duty of the manager issuing the receipt to have said blank filled in and signed by the owner of the cotton before issuing a negotiable receipt for same; provided, if there is no incumbrance or lien that fact shall be shown in the statement; provided, however, such statement may not be made if a non-negotiable receipt is desired.

If the person holding a non-negotiable receipt shall desire to obtain a negotiable receipt in lieu thereof he shall return said non-negotiable receipt to the warehouse issuing the same and thereupon shall comply in every respect with the provisions of this act relating to negotiable receipts, upon compliance with which a negotiable receipt shall be issued to him in lieu of said non-negotiable receipt and said non-negotiable receipt shall thereupon be cancelled, and the word "cancelled" plainly marked or stamped in ink across the face thereof.

No warehouse receipt shall be issued except on the actual previous delivery of the goods in the warehouse or on the premises and under the control of the manager thereof.

A duplicate shall not be issued until the person applying therefor gives a bond equal to not less than the value of the goods, at the discretion of the Commissioner, for which the same is issued, which bond shall be given under such rules and regulations as the Commissioner may prescribe.

Sec. 8. Upon the presentation and return to the warehouse of any public warehouse receipt issued by its manager and properly endorsed, and the tender of all proper warehouse charges upon the property represented by it, such property shall be delivered immediately to the holder of such receipt, but the manager of such warehouse who shall issue a receipt for cotton shall not, under any circumstances or upon any order or guaranty, deliver the property upon which receipts have been issued until

such receipts have been delivered and cancelled, except in case of lost receipts; and upon any default in strict compliance with the terms of this article the manager shall be held liable not only to the State on his bond, but to the lawful holder of the receipt for the full value of the property therein described at the time such loss occurred; and shall further be liable to the special penalty herein provided.

Upon delivery of the goods by the manager of a warehouse to the holder of any receipt, such receipt shall be surrendered by said holder and plainly marked or stamped in ink across the face thereof with the word "cancelled," together with the name of the manager cancelling the same, and said receipt shall thereafter be void and shall not again be put into circulation, but shall be filed for further inspection.

Sec. 9. The liability of the State shall be that of a public warehouseman, and suits may be brought against the State for any liability as such, either in Austin, in Travis county, Texas, or in the county in which is located the warehouse where the cause of action accrued; provided, however, that the weights, classes, and grades of cotton stored in warehouses under this act are guaranteed by the State only in favor of those who may loan money on warehouse receipts issued hereunder as collateral, or those who hold evidences of debt originally secured by such warehouse receipts as collateral.

The State does not guarantee the weights or grades of cotton to anyone who purchases the cotton, whether by purchase of warehouse receipts or by purchasing the cotton on direct examination in the warehouses, except in cases of foreclosure of liens to secure money advanced upon warehouse receipts as collateral originally loaned upon such warehouse receipts.

Service in all suits may be had upon the Commissioner or upon the local manager of the warehouse at which the cause of action arose.

But in all instances before suit may be brought and maintained a statement of the claim, properly sworn to, giving the amount thereof, and the manner in which it arose, shall be delivered in person or by mail to the Commissioner within ninety days after the accrual of the cause of action, or such notice may be given by delivering a copy of the same to the local manager of the warehouse at which the cause of action arose. No personal liability shall attach to

the Commissioner for any action done by him or his managers under the terms of this act.

Sec. 10. A negotiable receipt issued against cotton stored in a warehouse under this act shall be negotiable and transferable by endorsement in blank or by special endorsement and delivery in the same manner and to the same extent that bills of exchange and promissory notes now are, without any other formality; and the transferee or holder of such warehouse receipt shall be considered and held as an actual and exclusive owner to all intents and purposes of the property therein described, subject only to the lien and privilege of the warehouse for storage, insurance, and other warehouse charges; provided, however, that all such warehouse receipts that shall have the words non-negotiable plainly marked or stamped on the face thereof shall be exempted from the provisions of this section.

The manager of each warehouse shall keep a carbon copy of each receipt, whether negotiable or non-negotiable, issued by him, and which shall have plainly printed in large letters across the face of the same "carbon copy." Such carbon copy shall be of no value for any purpose except as part of the records of the office of the manager issuing the same.

Sec. 11. All charges for storage shall be fixed by the Commissioner and need not be necessarily the same at all places, but shall be fixed by him, taking into consideration the amount of cotton, local conditions, and necessities, the object in view being to collect a sufficient amount at each local warehouse to pay the expense of its operation, but at the same time to provide for reasonable and just rates. The Commissioner shall in his rules and regulations prescribe when insurance, warehouse charges, and other charges shall be due and payable.

Sec. 12. All cotton placed in warehouses shall be insured by the Commissioner, either by individual policies or by blanket policies covering any and all cotton in any State warehouse, the method and manner of securing the insurance to be left to the judgment, discretion and experience of the Commissioner. In the event of any loss or damage, the Commissioner shall collect the insurance due and pay the same over ratably and equitably to those lawfully entitled to the same. All insurance policies shall be issued in the name of the Commissioner of Insurance and Banking.

All cotton placed in a warehouse must be insured and the premium shall be collected from the owner of the cotton by the Commissioner, and the State shall have the warehouseman's lien for the insurance on the cotton, the same as it has for storage charges.

Sec. 13. Cotton shall not be stored in wooden buildings unless such buildings are equipped with fire protection to be approved by the Commissioner, and none shall be stored in anything but waterproof buildings, so that the entire bale shall be protected from the weather.

The Commissioner shall equip all places of storage with such practical fire protection as the location and necessities of the warehouse will permit, and in all instances every practical safeguard shall be taken, and in the rules and regulations to be formed by the Commissioner governing his managers he shall set forth the general details of the system of fire protection, and shall enforce the same; to this end he shall have the right to call to his assistance all the experts, engineers, and employes of the State Fire Insurance Commission.

Sec. 14. All warehouse receipt books shall be designed by the Commissioner, and printed under his direction and be furnished each warehouse by him, each receipt being numbered and accounted for by the manager under such rules as the Commissioner may provide. Each receipt shall contain the lithographed or engraved signature of the Commissioner of Insurance and Banking and the lithographed or engraved seal of his Department, but the same shall be signed with pen and ink by the local manager.

Sec. 15. All local managers shall make daily reports, if required, to the Commissioner showing the amount, grade, character, classification, and weight of cotton received and delivered by him and from whom received and to whom delivered; said reports to be in such form as may be designed by the Commissioner. Such manager shall also make other reports as may be required by the Commissioner. All reports required by the Commissioner shall contain such other information as may be requested by the Commissioner.

Sec. 16. The Commissioner shall appoint a sufficient number of warehouse examiners to visit each local warehouse from time to time and carefully examine the records kept by the managers and the contents of said warehouses, and make such reports to the Commissioner relative thereto and relative to all other

matters as may be required and specified by the Commissioner concerning such warehouses. Such examiners shall visit each warehouse at least twice during each cotton season and at such other times as may be designated by the Commissioner.

Sec. 17. Every warehouse examiner appointed by the Commissioner shall be a competent cotton classer, who shall have knowledge of bookkeeping and accounting, and before entering upon the duties of his office shall take and file in the office of the Commissioner the constituted oath, and in addition thereto shall take oath to make fair and impartial examinations and that he will not accept as presents or emoluments any pay, directly or indirectly, for the discharge of any act in the line of his duty other than the remuneration accorded and fixed by law; and that he will not reveal the condition of any warehouse examined by him or of any storage account examined by him or give any information secured in the course of examination to any one except to the Governor, the Commissioner and the Attorney General; and except when required to do so in the enforcement of the law upon the order of a district of county judge.

No such examiner shall be appointed who is at the time an officer or stockholder in any warehouse company or warehouse corporation or a member of any firm or an officer of any corporation engaged in the purchase or sale of cotton or cotton products.

Each such examiner shall enter into a bond payable to the State, in the sum of ten thousand dollars (\$10,000), to be approved by the Commissioner and deposited in his office, conditioned that he will faithfully perform his duties as such examiner.

As full compensation for the performance of the duties of examiner each person so appointed shall be entitled to receive a salary of two thousand dollars (\$2000) per annum, and all necessary traveling expenses. An itemized account of such expenses shall be rendered monthly under oath by each examiner and shall be approved by the Commissioner. Provided, however, the Commissioner may in his discretion cause State bank examiners to perform the duties of Warehouse Examiners in addition to their duties as State Bank Examiners, where such action will be economical, desirable, and practicable; in such instance, however, it will not be necessary for the State Bank Examiner to make

any additional bond or take any additional oath. The expense of any examination by a State Bank Examiner shall be borne by the funds appropriated for the enforcement of this law.

Sec. 18. The Commissioner shall have authority and it shall be his duty, if he finds it necessary, in addition to local warehouses to lease and maintain warehouses at points of concentration.

Sec. 19. The warehouseman's lien herein provided for when same has become due may be satisfied as follows:

The manager shall give a written notice to the person on whose account the goods are held, and to any other person known by the manager to claim an interest in the goods. Such notice shall be given by delivery in person or by registered letter addressed to the last known place of business or abode of the person to be notified. The notice shall contain:

(a) An itemized statement of the manager's claim, showing the sum due at the time of the notice and the date or dates when it became due.

(b) A brief description of the goods against which the lien exists.

(c) A demand that the amount of the claim as stated in the notice, and of such further claim as shall accrue shall be paid on or before a day mentioned, not less than ten days from the delivery of the notice if it is personally delivered, or from the time when the notice should reach its destination, according to the due course of post, if the notice is sent by mail, and

(d) A statement that unless the claim is paid within the time specified the goods will be advertised for sale and sold by auction at a specified time and place.

In accordance with the terms of a notice so given, a sale of the goods by auction may be had to satisfy any valid claim of the manager for which he has a lien on the goods. The sale shall be had in the place where the lien is acquired, or, if such place is manifestly unsuitable for the purpose, at the nearest suitable place. After the time for the payment of the claim specified in the notice to the depositor has elapsed, an advertisement of the sale, describing the goods to be sold, and stating the name of the owner or person on whose account the goods are held, and the time and place of the sale shall be published in the place where such sale is to be held. The sale shall not be held less than fifteen days from the time of the first publication. If there is no newspaper published in such

place, the advertisement shall be posted at least fifteen days before such sale in not less than six conspicuous places therein.

From the proceeds of such sale the manager shall satisfy the lien, including the reasonable charges of notice, advertisement and sale; and balance, if any, of such proceeds shall be held by the manager, and delivered on demand to the person to whom he would have been bound to deliver or justified in delivering the goods.

At any time before the goods are so sold any person having a right of property or possession therein may pay the warehouse manager the amount necessary to satisfy his lien and to pay the reasonable expenses and liabilities incurred in serving notices and advertising and preparing for the sale up to the time of such payment. The manager shall deliver the goods to the person making such payment if he is a person entitled, under the provisions of this act, to the possession of the goods on payment of the charges thereon. Otherwise the manager shall retain possession of the goods according to the terms of the original contract of deposit.

Sec. 20. The Commissioner shall cease to receive cotton for storage under this act on the first day of March, A. D. 1916, this act being intended as an emergency measure but he may sooner cease at any one or more places when the demands of the public do not justify the further operation of any particular warehouse or warehouses.

Sec. 21. No action shall be brought against the Commissioner or his local managers for any lawful action taken under this act, but all such suits shall be brought against the State; and the same shall be defended by the Attorney General, but the Commissioner may, if necessary, employ counsel in any particular suit.

Sec. 22. All charges, funds and dues collected under this act shall constitute a special fund to be used only in the administration of this law and paying obligations hereunder until further action be taken by the Legislature; and all such funds are hereby appropriated for such purposes.

In addition to the foregoing there is also hereby appropriated out of any funds in the Treasury not otherwise appropriated for the two years ending August 31, 1915, the sum of one hundred thousand dollars (\$100,000) or so much thereof as may be necessary for administering the affairs of this division

of the Department of Insurance and Banking.

Sec. 23. In the event the Commissioner should have space in any particular warehouse in excess of its use for cotton he may store and issue receipt for other non-perishable farm products, but the general purpose of this law is the storage of cotton, and the storage of all other farm products shall be incidental and optionary with the Commissioner as to each particular warehouse.

Sec. 24. The standards of weights and measures of this State shall be the standards of weights and measures used under this act. It shall be the duty of the Commissioner to establish standards of classification for cotton and the originals of such standards shall be maintained subject to inspection in his office in the State Capitol. Duplicates of said classification of cotton, as well as standards of weights and measures shall be furnished to the managers of each warehouse as soon as may be done. The standards of classification of cotton shall be the same as those established by the Department of Agriculture of the United States; but it shall not be necessary for the manager of any particular warehouse to receive such standards from the Commissioner before he may begin operation; it is only intended by this provision that such standards shall be ultimately furnished when the Commissioner is able to furnish the same. All products stored in a State warehouse shall be weighed, tagged, graded, and classed by the manager thereof, and it shall not be necessary for the same to be weighed by a public weigher for any purpose. Provided, said tags shall be of pasteboard, such as are ordinarily used in cotton warehouses.

Sec. 25. The manager of any warehouse operating hereunder or any employe or servant at a warehouse who issues or aids in issuing a receipt, knowing that the goods for which said receipt is issued have not been actually received in the warehouse or are not under the control of the manager thereof, shall be guilty of a felony and upon conviction shall be punished for each offense by confinement in the State penitentiary for a period not exceeding five years or by fine not exceeding five thousand dollars, or by both such fine and imprisonment.

Sec. 26. Any manager of a warehouse or any employe or servant at a warehouse who fraudulently issues or aids in fraudulently issuing a receipt for goods, knowing that the same contains

any false statement, other than that defined by Section 25 hereof, shall be guilty of a felony and upon conviction shall be punished for each offense by confinement in the State penitentiary for any period of time not exceeding two years or by fine not exceeding one thousand dollars, or by both such fine and imprisonment.

Sec. 27. Any manager of, or any employe or servant at a warehouse under this act who issues or aids in issuing a duplicate or additional negotiable receipt for goods, knowing that a former negotiable receipt for the same, or any part thereof, is outstanding and uncanceled, without plainly placing on the face thereof the word "duplicate," as provided in the case of a lost or destroyed receipt, shall be guilty of a felony and on conviction shall be punished for each offense by confinement in the State penitentiary for any period of time not exceeding five years or by fine not exceeding five thousand dollars, or by both such fine and imprisonment.

Sec. 28. Any manager of a warehouse or servant or employe at a warehouse who delivers goods out of the warehouse, knowing that a negotiable receipt, the negotiation of which would transfer the right to the possession of the goods is outstanding and uncanceled, without first obtaining possession of such receipt at or by the time of its delivery, except in case of a lost or destroyed receipt, shall be guilty of a felony and upon conviction shall be punished for each offense by imprisonment in the State penitentiary for any period of time not exceeding one year or by a fine not exceeding one thousand dollars or by both such fine and imprisonment.

Sec. 29. Any person who deposits goods in a warehouse under this act, to which he has no title or upon which there is a lien or mortgage and who takes for such goods a negotiable receipt which he afterwards negotiates for value with intent to deceive, and without disclosing his want of title or the existence of a lien or mortgage, shall be guilty of a felony, and upon conviction thereof shall be punished for each offense by imprisonment in the State penitentiary for any period of time not exceeding five years or by fine not exceeding five thousand dollars, or by both such fine and imprisonment.

Sec. 30. Any person who wilfully and knowingly violates any of the provisions of this act for which a penalty is not otherwise provided, or who wilfully and knowingly does any act or thing pro-

hibited by this act for which a penalty is not otherwise provided, or who wilfully and knowingly does any act or thing prohibited by this act for which a penalty is not otherwise provided, or who wilfully or knowingly fails to do anything herein provided for, for which a penalty is not otherwise provided, the intent of which act or omission shall be to defraud, shall be guilty of a misdemeanor, and upon conviction shall be punished by a fine not exceeding one thousand dollars or by confinement in the county jail for a term not exceeding one year or by both such fine and imprisonment.

Sec. 31. Only cotton or other products grown in the State of Texas shall be stored in warehouses operating under this act.

Sec. 32. It is further provided that the Commissioner may lease wheat and grain elevators, and store and issue receipts for wheat and grain in the same manner as herein provided for cotton, and to the same extent, should it become necessary in furtherance of the general public purpose of this act; and that in so doing all the provisions of this measure with reference to cotton shall apply, so far as practicable.

Sec. 33. If any particular section of this act shall be held unconstitutional, such holding shall not invalidate any other portion thereof.

Sec. 34. The importance of the legislation proposed in this act and the necessity of providing immediately sufficient warehouses to store the cotton products of this State, in view of the financial disturbances due to the European wars, creates an emergency and an imperative public necessity requiring that the constitutional rule providing bills shall be read on three several days in each house shall be suspended and the said rule is so suspended and this act shall take effect from and after its passage and it is so enacted.

FIFTH DAY.

Senate Chamber,
Austin, Texas,

Friday, August 28, 1914.

The Senate met pursuant to adjournment, and was called to order by President Pro Tem. Warren.

Roll call, a quorum was present, the following Senators answering to their names:

Astin.	Hudspeth.
Bailey of Harris.	Johnson.
Brelsford.	Lattimore.
Carter.	McGregor.
Collins.	McNealus.
Conner.	Taylor.
Cowell.	Terrell.
Darwin.	Townsend.
Gibson.	Warren.
Greer.	Watson.
Hall.	Westbrook.
Harley.	Willacy.

. Absent.

Bailey of DeWitt.	Real.
Clark.	Wiley.

Absent—Excused.

Morrow.	Nugent.
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Prayer by the Chaplain.

Pending the reading of the Journal of yesterday, the same was dispensed with on motion of Senator Taylor.

EXCUSED.

On account of important business:

Senator Clark, indefinitely, on motion of Senator Harley.

Senator Real, for today, on motion of Senator Cowell.

Senator Wiley, for today, on motion of Senator Darwin.

Morning call concluded.

BILLS AND RESOLUTIONS.

(By Unanimous Consent.)

By Senator Astin:

S. B. No. 6, A bill to be entitled "An Act to establish a cotton warehouse system in the State of Texas under the direction and control of the State; to provide for the issuance of warehouse receipts, which shall state the weights and grade of cotton received and deposited in warehouses and describe the bale or bales in which it is contained; fixing the standard of the receipts issued against cotton deposited and held in State and licensed warehouses; determining the responsibility of the State to deliver to the holder the cotton described on the face thereof; to provide for the creation of the Cotton Warehouse Commission of Texas; to define the powers and duties of the Commission and to regulate the method by which its membership shall be constituted and the amount of the compensa-